

The Valley State Bank

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Tuesday, September 06, 2005

Johns F Carter
Regional Director
FDIC
25 Jessie Street at Ecker Square # 2300
San Francisco, CA 94105

Dear Mr. Carter,

RE: Comment regarding FDIC application #20051977: Wal-Mart Application for Insurance and IBC.

I am opposed to the above application for at least the following reasons:

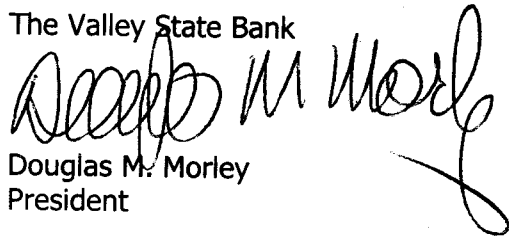
1. Since the great depression public policy has strictly maintained a wall between commerce and banking as a way to reduce risk to the economy and the banking system and to prohibit excessive concentration of economic power in the hands of a few. To allow Wal-Mart, the largest retailer in America and one of the largest corporations in the world to enter the banking business is a fundamental violation of the separation of banking and commerce.
2. Wal-Mart is in direct competition with a large percentage of most businesses in the US. When Wal-Mart enters a small town market, historically, they tend to decimate main street retailers. If they choose to compete with an individual community bank in a small market they may bring enormous economic power to eliminate competition. If you run a shoe store in a small town and Wal-Mart, your competitor, is the only bank in town, do you think you would get a fair deal on a loan from your Wal-Mart Bank?
3. Wal-Mart's huge financial statement would add tremendous support to their bank. If the bank got in trouble, Wal-Mart could easily inject capital. But what if Wal-Mart got in trouble? Would its bank be jeopardized? Would the entire banking system be jeopardized because its potentially huge bank was injecting depositor's money into Wal-Mart? You might say that will never happen, Wal-Mart is too strong and too well managed. For two hundred years most people thought that a category 5 hurricane would never strike New Orleans and that it really wouldn't matter that the city was built below sea level. We are all experiencing at some level the impact of that commonly held notion.

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In summary Wal-Mart is too big, already has too much of the economic pie, allowing it to control allocation of credit is inherently unfair to everyone else, and if it ever got in trouble could have a devastating impact on the US Economy and particularly the US Banking system. Therefore, I respectfully request that you deny this application.

Sincerely,

The Valley State Bank

A handwritten signature in black ink, appearing to read "Douglas M. Morley", written over the printed name.

Douglas M. Morley
President